Annual Financial Statements

for

LEPHALALE LOCAL MUNICIPALITY

for the year ended 30 June: ***2012***

Province: Limpopo

AFS rounding: ***R (i.e. only cents)***

Contact Information:	
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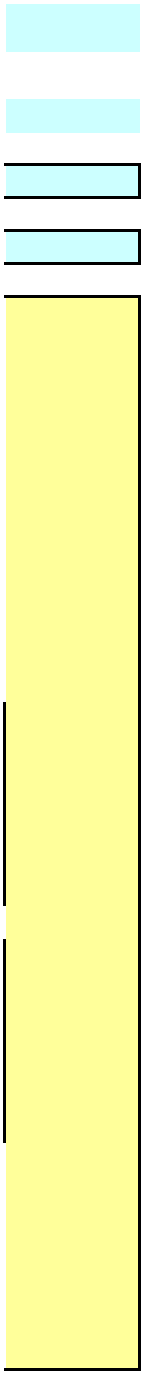

LEPHALALE LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information

Members of the Council

JACK MAEKO	**Mayor**
ROSINA BOLOKA	**Speaker**
DANIE ESRAMUS	Member of the Executive Committee
ASTRID BASSON	Member of the Executive Committee

Municipal Manager

APPANA NAIDOO

Chief Financial Officer

CHARLES LEKAKA

Grading of Local Authority

B

Auditors

Auditor-General

Bankers

ABSA BANK

General information (continued)

Registered Office:	CIVIC CENTER ONVERWACHT
Physical address:	CORNER DOUWATER & JOE SLOVO STREET ONVERWACHT LEPHALALE 0557
Postal address:	**PRIVATE BAG X136** ONVERWACHT LEPHALALE 0557
Telephone number:	014 763 2193
Fax number:	014 763 5662
E-mail address:	MUNIC@LEPHALALE.GOV.ZA

LEPHALALE LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 53, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.
I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 35 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

_____
Municipal Manager:

DATE

LEPHALALE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2012

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LEPHALALE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	Note	2012 R	2011 R	
ASSETS				
Current assets				
Cash and cash equivalents	1	117 796 735	136 581 527	
Trade and other receivables from exchange transactions	2	53 438 822	30 231 216	
Other receivables from non-exchange transactions	3	18 472 976	14 764 650	
Other current financial assets	4	-	-	
Inventories	5	1 648 052	2 099 936	
Prepayments	6	11 733 912	6 415 894	
VAT receivable	13	-	1 804 749	
Other Debtors	6	6 135 323	-	
Non-current assets				
Investments	7	12 334	9 508	
Other non-current financial assets	4	-	-	
Property, plant and equipment	8	938 116 276	920 979 978	Cell 11
Intangible assets	9	203 039	232 334	
Defined benefit plan asset	52	-	-	
Correction of error (illustrative purposes only)				
Total assets		**1 147 557 467**	**1 113 119 792**	
LIABILITIES				
Current liabilities				
Trade and other payables from exchange transactions	11	37 552 315	26 667 392	
Consumer deposits	12	7 378 004	7 326 023	
Current provisions	14	2 024 098	1 586 831	
Bank overdraft	1	-	-	
VAT Payable	13	699 507	-	
Current portion of unspent conditional grants and receipts	15	28 479 099	33 357 878	
Current portion of borrowings	16	2 615 663	2 435 498	
Non-current liabilities				
Non-current unspent conditional grants and receipts	15	-	-	
Non-current borrowings	16	8 385 591	11 009 637	
Defined benefit plan obligations	43	27 802 525	22 504 205	
Total liabilities		**114 936 801**	**104 887 464**	
Net assets		**1 032 620 666**	**1 008 232 328**	
NET ASSETS				
Reserves		-	-	
Accumulated surplus / (deficit)		1 032 620 666	1 008 232 328	
Total net assets				
		1 032 620 666	**1 008 232 328**	

LEPHALALE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE

for the year ending 30 June 2012

	Note	2012 R	2011 R
Revenue			
Property rates	17	27 124 068	25 400 740
Property rates - penalties imposed and collection charges	17	-	-
Service charges	18	142 827 764	99 235 166
Rental of facilities and equipment	19	913 325	151 706
Interest earned - external investments	20	8 982 105	8 416 674
Interest earned - outstanding receivables	21	5 710 837	1 046 129
Fines		90 281	165 732
Licences and permits		6 943 680	4 110 584
Government grants and subsidies	22	127 655 761	105 948 735
Public contributions and donations	27	1 257 394	5 584 064
Other income	23	3 362 106	1 714 744
Total revenue		**324 867 321**	**251 774 274**
Expenses			
Employee related costs	24	90 958 322	80 901 022
Remuneration of councillors	25	5 854 760	5 888 213
Bad debts		6 762 358	5 416 633
Collection costs		38 024	22 863
Depreciation and amortisation expense	26	53 573 811	47 252 565
Repairs and maintenance		14 496 322	16 987 892
Finance costs	27	4 546 806	3 514 138
Bulk purchases	28	77 003 006	54 081 333
Grants and subsidies paid	29	1 018 544	930 000
General expenses	30	47 030 635	41 643 388
Total expenses		**301 282 589**	**256 638 048**
Gain / (loss) on sale of assets	31	-	-
(Impairment loss) / Reversal of impairment loss	32	-	(1 350 494)
Profit / (loss) on fair value adjustment	33	-	-
Inventories: (Write-down) / reversal of write-down to net realisable value	5	-	-
Surplus / (deficit) for the period		**23 584 732**	**(6 214 268)**

LEPHALALE LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS

as at 30 June 2012

	Note	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
		R	R	R	R	R
Balance at 30 June 2010		**-**		**-**	**973 322 085**	973 322 085
Changes in accounting policy	37	-		**-**	-	-
Correction of prior period error	38				(2 337 484)	(2 337 484)
Restated balance		**-**	**-**	**-**	**970 984 601**	970 984 601
Surplus / (deficit) on revaluation of property of property, plant and equipment					-	-
Other items					-	-
Other items						-
Net gains and losses not recognised in the statement of financial performance					-	-
Transfers to / from accumulated surplus/(deficit)		-	-	**-**	-	-
Surplus / (deficit) for the period					(6 214 268)	(6 214 268)
Balance at 30 June 2011		**-**	**-**	**-**	**964 770 333**	**964 770 333**
Correction of prior period error					43 461 994	43 461 994
Restated balance		**-**	**-**	**-**	**1 008 232 327**	**1 008 232 327**
Surplus / (deficit) on revaluation of property of property, plant and equipment						-
Other items						-
Other items						-
Net gains and losses not recognised in the statement of financial performance		-		**-**		-
Transfers to / from accumulated surplus/(deficit)		-		**-**	-	-
Surplus / (deficit) for the period					23 584 732	23 584 732
Balance at 30 June 2012		**-**	**-**	**-**	**1 032 620 666**	**1 032 620 666**

LEPHALALE LOCAL MUNICIPALITY

CASH FLOW STATEMENT

as at 30 June 2012

	Note	2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		294 263 211	259 440 361
Taxation		-	-
Sales of goods and services		153 292 884	124 192 823
Grants		118 627 001	114 257 863
Interest received		8 043 750	8 416 798
Other receipts		14 299 577	12 572 877
Payments		239 936 803	211 723 774
Employee costs		96 813 082	80 161 531
Suppliers		139 595 993	129 038 066
Interest paid		2 509 184	1 594 177
Other payments		1 018 544	930 000
Net cash flows from operating activities	34	**54 326 408**	**47 716 587**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(70 675 717)	(39 955 836)
Proceeds from sale of fixed assets		-	62 225
Proceeds from sale of investments			-
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables			
Net cash flows from investing activities		**(70 675 717)**	**(39 893 611)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		(2 435 483)	(2 229 088)
Proceeds from finance lease liability			
Repayment of finance lease liability			
Net cash flows from financing activities		**(2 435 483)**	**(2 229 088)**
Net increase / (decrease) in net cash and cash equivalents		(18 784 792)	5 593 888
Net cash and cash equivalents at beginning of period		136 581 527	130 987 639
Net cash and cash equivalents at end of period	35	**117 796 735**	**136 581 527**

INFORMATION PURPOSES ONLY - DO NOT PRINT

Examples of operating activities

a) cash receipts from taxes, levies and fines;
(b) cash receipts from charges for goods and services provided by the entity;
(c) cash receipts from grants or transfers and other appropriations or other budget authority national government or other entities;
(d) cash receipts from royalties, fees, commissions and other revenue;
(e) cash payments to other entities to finance their operations (not including loans);
(f) cash payments to suppliers for goods and services;
(g) cash payments to and on behalf of employees;
(h) cash receipts and cash payments of an insurance entity for premiums and claims, annuit other policy benefits;
(i) cash payments of local property taxes or income taxes (where appropriate) in relation to activities;
(j) cash receipts and payments from contracts held for dealing or trading purposes;
(k) cash receipts or payments from discontinuing operations; and
(l) cash receipts or payments in relation to litigation settlements.

Examples of Investing Activities

(a) cash payments to acquire property, plant and equipment, intangibles and other long-term
These payments include those relating to capitalised development costs and self-constructe property, plant and equipment;
(b) cash receipts from sales of property, plant and equipment, intangibles and other long-ter
(c) cash payments to acquire equity or debt instruments of other entities and interests in join (other than payments for those instruments considered to be cash equivalents or those held dealing or trading purposes);
(d) cash receipts from sales of equity or debt instruments of other entities and interests in jo ventures (other than receipts for those instruments considered to be cash equivalents and th for dealing or trading purposes);
(e) cash advances and loans made to other parties (other than advances and loans made b financial institution);
(f) cash receipts from the repayment of advances and loans made to other parties (other tha advances and loans of a public financial institution);
(g) cash payments for futures contracts, forward contracts, option contracts and swap contra except when the contracts are held for dealing or trading purposes, or the payments are cla financing activities; and
(h) cash receipts from futures contracts, forward contracts, option contracts and swap contra

Examples of Financing Activities

a) cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short term borrowings;
(b) cash repayments of amounts borrowed; and
(c) cash payments by a lessee for the reduction of the outstanding liability relating to a finan

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LEPHALALE LOCAL MUNICIPALITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ending 30 June 2012

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards have also been prescribed by the Minister of Finance in terms of

Government Notice 991 and 992 of 2005, issued in Government Gazzette no. 28095 of 15 December 2005
Government Notice 516 of 2008, issued in Government Gazzette no. 31021 of 9 May 2009
Government Notice 80 of 2011, issued in Government Gazzette no. 33991 of 2 February 2011

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENTY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are effective

GRAP 1 Presentation of Financial Statements
GRAP 2 Cash Flow Statements
GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 The effects of Changes in foreign Exchange Rates
GRAP 5 Borrowing Costs
GRAP 6 Consolidted and Separate Financial statements
GRAP 7 Investments in Associates
GRAP 8 Interests in Joint Ventures
GRAP 9 Revenue form Exchange transactions
GRAP 10 Financial Reporting in Hyperinflationary Economics
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events After the Reporting Date
GRAP 16 Investment Property
GRAP 17 Property, Plant and Equipment
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP 100 Non Current Assets Held for Sale and Discontinued Operations
GRAP 101 Agriculture
GRAP 102 Intangible Assets

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 21 Impairment of non cash -generating assets
GRAP 23 Revenue from non exchange transcations
GRAP 24 Presentation of Budget Information in Fianacial statements
GRAP 26 Impairment of Cash generating assets
GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment reporting
GRAP 20 Related Party Disclosure
GRAP 25 Employee benefits
GRAP 104 Financial Instruments
GRAP 105 Transfer of functions between entities under common control
GRAP 106 Transfer of functions between entities not under common control
GRAP 107 Mergers

Impact on the municipality's financial statements once implemented:

GRAP 18 - This does not deal with the accounting treatment of any particular transaction of events but merely with re-arrangement of information already presented and disclosed. The inpact on the municipality's fanancial statements would be minimal.
GRAP 20 - Councillors and Board Members will be disclosed as related parties and normal supplier and /or client/recipient relationships at arm's length and within normal operating parameters will not have to be separately disclosed.

GRAP 21 - Assesment at every reporting date whether there are indicators that any assets have been impaired. The impact will be minimal as impairement testing is already being perfomed.

GRAP 23 - The method or recognition and measurement of revenue from non exchange transactions, specifically taxes and transfers. The accounting policies for thye diclosure and measurement of non exchange exchange transactions implemented currently by the the municipality adheres to these requirements.

GRAP 24 - A comparison of budget and actual amounts as actual additional budget columns in the primary financial statements and diclosure note on the explanations of changes between the approved and final budget is required. the impact on the municipality's financial statements would be minimal.

GRAP 25 -The Standard on Employee benefits will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS 19 and there is no material change from IAS 19 to GRAP 25 that is affecting the municipality.

GRAP 26 - The impact of this atandard would be minimal as at this stage as the municipality has done the assesment of useful lifes of most of the major assets. municipality.

GRAP 103 - This standard will have no impact on the municipality as the municipality currently has no heritage assets.

GRAP 104 - The Standard on financial instruments will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS32 and IAS 39, and the changes from IAS32 and IAS39 to GRAP 104 is not applicable to this municipality.

GRAP 105 - This standard will have no impact on the municipality as the municipality currently has no entities.

GRAP 106 - This standard will have no impact on the municipality as the municipality currently has no entities.

GRAP 107 - This standard will have no impact on the municipality.

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revalutaion less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revalutation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asse

2.3 SUBEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets . Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	Years	**Other**	Years
Roads and Paving	15	Buildings	30
Pedestrian Malls	10	Specialist vehicles	15
Electricity	30	Other vehicles	8
Water	30	Office equipment	5
Sewerage	20	Furniture and fittings	8
Community		Bins and containers	8
Buildings	30	Specialised plant and equipment	15
Recreational Facilities	30	Other items of plant and equipment	15
Security	8		
Halls	30		
Libraries	30	Emergency equipment	
Parks and gardens	30	Computer equipment	8
Other assets	20		

The municipality has taken advantage of the transitional provisions provided in GRAP 17, Property, Plant and Equipment. Grap 17 was initially adopted on 1 July 2008. This exemption was utilised up to the 09/10 fiancial statements, but the exemptions have beenimplemented retrospectively on 1 July 2010. The balance on the financial statemnts which is affected by thjis transitional provisions is Property, Plant and Equipment and Reserves.

The residual values and estimated useful lives have thus been implemented retrospecyively in the current financial year. Assets have also been tested for impairmentt. residual values and remaining useful lives will be reviewed annually and implemented prospectively henceforth.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitlised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:
- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 -8YRS

The municipality has taken the advantage of the transitional provision provided in GRAP 102 Intangible Assets whereby in terms of section 112 of Grap 102, municipalities are not required to measure intagible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on intagible Assets.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in acounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 BIOLOGICAL ASSETS

The Municipality does not have biological assets

6 NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7 INVENTORIES

7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

7.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

8 FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial instruments are intitally recognised at fair value.

8.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with GRAP 104, IAS36, IAS39 and IFRS 7

8.2.1 INVESTMENTS

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liaibilities held at amortised cost, are intitially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. Amounts payable within 12 months are classified as current.

8.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilties carried at amortised cost.

9 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: (a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned; - the principal locations affected; - the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and - when the plan will be implemented; and
(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14 LEASES

14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

15 REVENUE

15.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on the previous three months' average consumptions.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

17 EMPLOYEE BENEFITS

17.1 Provision for employee benefits

Provision is made in the financial statements for all employee benefits

Liabilities for wages and salaries, including non-monetary benefits, bonuses and annual leave obliged to be settled within 12 months of the reporting date, are recognised in other payables or provision for employee benefits in respect of employees'services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable

The liability for long service leave for which settlement can be defferred beyond 12 months from the reporting date is recognised in the non-current liability for employee benefits and measured as the present value of expected future payments to be made in respect odf services provided by employees up to the reportingdate. consideration is given to the expected future wage and salary levels, experience of employeedepartures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency thatmatch as closele as possible, the estimated future cash outflow.

17.2 Pension and other post-retirement benefitsrovision for employee benefits

The municipality provides retirement benefits for its employees and councillors. The municipality has accounted for the defined contribution plan in terms of IAS 19 and GRAP 25 Employee benefits. A defined contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity,

For defined contribution plans, the municipality pays contributions on a mandatory, contractual or voluntary basis. The municipality has no further payment obligations omce the contributions have been paid. Accordingly, the municipality recognises the contributions to the scheme as an expense when the employees and councillors have rendered the employment service or served office entitling them to contributions.

The municipality provides post-retirement medical benefits to qualifying retirees. They are recognised in accordance with IAS 19 and GRAP 25 on defined benefits plan.

The cost of providing health care is charged to the income statement so as to recognise current and past service cost on defined benefit obligations, and the effect of any curtailments, net of expected returns on plan assets. Actuarial gains and losses are recognised in full directly in the statement of financial performance. Additional benefits are expensed as past service cost in the period inwhich the benefit is granted to the extend that it is not covered by a surplus to contributions funded by the municipality. The municipality has no paln assets. A liability is consequently recognised in the statement of financial position based on the present value of the defined benefit obligations, less any unrecognised past service costs.

Municipalities were previously exempted from IAS 19 defined benefit accounting as far as it relates to defined benefit plans in terms of the exemptions of Government Gazette no 30013 of 29 June 2007. The exempyion no longer applies since the 08/09 financial year and the change in accounting policy was implemented retrospectively in 08/09.

18 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of *a physical work proportion of the contract work* .

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

19 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municpality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

20 EVENTS AFTER BALANCE SHEET DATE

Any matereial events that affects the activities of Municipality that the Municipality becomes aware of after the balance sheet date, but before the issue of the financial statements, will be disclosed as to the nature of the event and the impact of it to the current financial statements and future operations of the Municipality.

21 RELATED PARTY TRANSACTIONS

All related party transactions are disclosed in the notes to the financial statements according to their nature and value.

	Note	2012 R	2011 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		16 750	15 750
Cash at bank		74 104 737	103 846 804
Call deposits		43 675 548	32 718 973
		117 796 735	136 581 527
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
ABSA Bank Limited - LEPHALALE Branch: Account Number 1470000038			
Cash book balance at beginning of year		103 846 804	(2 170 034)
Cash book balance at end of year		74 104 437	103 846 804
Bank statement balance at beginning of year		80 624 161	80 624 161
Bank statement balance at end of year		81 212 101	112 066 494
Call Deposits Account			
Cash book balance at beginning of year		32 718 973	
Cash book balance at end of year		43 675 548	32 718 973
Bank statement balance at beginning of year		-	
Bank statement balance at end of year			
Cash on hand		16 750	15 750
Total cash and cash equivalents		117 796 735	136 581 527
Total bank overdraft		-	-

A portion of cash to the value of R28 million represents restricted cash as it serves as security for unspent conditional grants.

	Note	2012 R	2011 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	**Gross Balances**	**Provision for Doubtful Debts**	**Net Balance**
Trade receivables	**R**	**R**	**R**
as at 30 June 2012			
Service debtors			
Electricity	51 770 613	(18 096 083)	33 674 530
Water	19 761 123	(7 874 595)	11 886 527
Sewerage	7 346 532	(3 407 902)	3 938 630
Refuse	7 347 472	(3 408 338)	3 939 134
Total	**86 225 739**	**(32 786 918)**	**53 438 822**
Rates and Taxes	**34 456 726**	**-15 983 751**	**18 472 976**
Other receivables	**34 456 726**	**(15 983 751)**	**18 472 976**
Total Trade and other receivables	**120 682 466**	**(48 770 668)**	**71 911 797**
as at 30 June 2011			
Service debtors			
Electricity	30 170 000	(12 130 823)	18 039 177
Water	15 014 509	(7 005 608)	8 008 901
Sewerage	5 140 730	(3 009 625)	2 131 105
Refuse	5 151 902	(3 099 868)	2 052 034
Total	**55 477 140**	**(25 245 924)**	**30 231 216**
Other receivables	**-**	**-**	**-**
Other receivables	**-**	**-**	**-**
Total Trade and other receivables	**55 477 140**	**(25 245 924)**	**30 231 216**
Rates and Taxes: Ageing			
Current (0 – 30 days)		2 372 351	2 270 975
31 - 60 Days		2 281 072	1 534 745
61 - 90 Days		1 089 892	955 775
91 - 120 Days		2 304 169	3 383 073
121 - 365 Days		26 409 241	23 121 415
+ 365 Days			
Total		**34 456 726**	**31 265 983**
Electricity, Water and Sewerage: Ageing			
Current (0 – 30 days)		29 886 144	19 013 154
31 - 60 Days		14 829 334	5 478 385
61 - 90 Days		3 831 011	3 310 278
91 - 120 Days		3 249 666	2 397 405
121 - 365 Days		34 429 584	25 277 918
+ 365 Days			
Total		**86 225 739**	**55 477 140**

Summary of Debtors by Customer Classification	**Consumers**	**Industrial / Commercial**	**National and Provincial Government**
	R	**R**	**R**
as at 30 June 2012			
Current (0 – 30 days)	24 632 486	5 408 964	2 217 045
31 - 60 Days	8 831 259	2 147 029	572 029
61 - 90 Days	4 204 971	893 087	462 031
91 - 120 Days	3 522 313	1 023 951	374 639
121 - 365 Days	3 008 585	834 181	330 892
+ 365 Days	38 975 206	13 641 888	3 729 386
Sub-total	**83 174 820**	**23 949 100**	**7 686 022**
Less: Provision for doubtful debts			
Total debtors by customer classification	**83 174 820**	**23 949 100**	**7 686 022**
as at 30 June 2011			
Current (0 – 30 days)	4 587 882	982 667	1 003
31 - 60 Days	4 081 908	680 521	2 723
61 - 90 Days	4 223 600	2 448 653	20 704
91 - 120 Days	2 306 310	196 588	284
121 - 365 Days	14 755 508	2 719 070	2 209
+ 365 Days	27 452 034	7 734 240	(10 558)
Sub-total	**57 407 243**	**14 761 740**	**16 364**
Less: Provision for doubtful debts			
Total debtors by customer classification	**57 407 243**	**14 761 740**	**16 364**

	Note	2012 R	2011 R
2 Reconciliation of the doubtful debt provision			
Balance at beginning of the year		25 245 924	22 045 746
Contributions to provision		7 540 994	3 200 178
Doubtful debts written off against provision		-	-
Reversal of provision		-	-
Balance at end of year		**32 786 918**	**25 245 924**
Trade and other receivables past due but not impaired			
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2012, R 44 715 478 - (2011: R 32 563 312) were past due but not impaired.			
The ageing of amounts past due but not impaired is as follows:			
1 month past due -		29 886 144	21 284 129
2 months past due		10 317 427	7 013 130
3 months past due		4 511 907	4 266 053
Trade and other receivables impaired			
As of 30 June 2011, trade and other receivables of R54 179 811 - (2010: R40 226 840) were impaired and provided for.			
The amount of the provision was R42 731 346 - as of 30 June 2011 (2010: R 37 314 713).			
The ageing of these receivables is as follows:			
3 to 6 months		7 080 677	5 780 478
Over 6 months		34 429 584	48 399 333
The fair value of trade and other receivables approximates their carrying amounts.			
3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Insurance claims		-	-
Rates and other taxes		18 472 976	14 764 650
Subsidies		-	-
Road reinstatements		-	-
Unauthorized expenditure (see Note 50.1)	Notes1-10'!A686	-	-
Other debtors		-	-
Prepayments (if not material)		-	-
Total Other Debtors		**18 472 976**	**14 764 650**
4 OTHER CURRENT FINANCIAL ASSETS			
Other non-current financial assets		-	-
5 INVENTORIES			
Opening balance of inventories:		**2 099 936**	**2 099 936**
Consumable stores - at cost		506 370	506 370
Maintenance materials - at cost		575 611	575 611
Spare parts – at net realisable value		1 000 920	1 000 920
Other goods held for resale – at cost		-	-
Water		17 035	17 035
Additions:		**(49 513)**	**-**
Consumable stores		(50 839)	-
Maintenance materials		-	-
Spare parts		-	-
Other goods held for resale		-	-
Water		1 325	-
Issued (expensed):		**-**	**-**
Consumable stores		-	-
Maintenance materials		-	-
Spare parts		-	-
Other goods held for resale		-	-
Water		-	-

		Note	2012 R	2011 R
	Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net			
5.1	**Replacement Cost (NRC):**		**-**	**-**
	Consumable stores		-	-
	Maintenance materials		-	-
	Spare parts		-	-
	Other goods held for resale		-	-
	Water		-	-
	Closing balance of inventories:		**1 648 052**	**2 099 936**
	Consumable stores		455 531	506 370
	Maintenance materials		512 073	575 611
	Spare parts		662 087	1 000 920
	Other goods held for resale		-	-
	Water		18 360	17 035

6 PREPAYMENTS

Prepaid expenses	11 733 912	6 415 894

An amount of R5.4M has been paid to Eskom as deposit for the supply of Electricity to the Municipality in the current year.

6.1	OTHER DEBTORS	6 135 323	-

During the year the Municipality experienced theft of R9.5 million due to hacking of the bank account. The theft has been reported to police and also an external forensic company appointed to do investigations. As at the end of the financial year R6.1 million was still not recovered.

7 INVESTMENTS

Financial Instruments		
Fixed Deposits	-	-
Listed Investments	12 334	9 508
Other Investments	-	-
	12 334	9 508
Pledged Investments		

Listed investments consisits 345 shares in Sanlan. The shres are listed on the JSE and are valued at the closinfg market value as at 30/06/2012

LEPHALALE LOCAL MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

8 PROPERTY, PLANT AND EQUIPMENT

8.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2011	**69 365 070**	**2 842 062**	**804 983 084**	**19 334 949**	**-**	**24 692 252**	**-**	**921 217 416**
Cost/Revaluation	74 884 249	5 140 936	938 605 728	26 285 892	-	41 886 450	-	1 086 803 256
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	(5 519 179)	(2 298 874)	(133 622 645)	(6 950 944)	-	(17 194 198)	-	(165 585 839)
Acquisitions	-	-	58 626 545	7 187 435	-	4 615 793	-	70 429 773
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	(423 491)	(166 450)	(48 300 206)	(641 575)	-	(4 042 095)	-	(53 573 817)
Carrying value of disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2012	**69 187 523**	**2 675 613**	**815 309 420**	**25 880 808**	**-**	**25 265 950**	**-**	**938 319 315**
Cost/Revaluation	75 130 193	5 140 936	997 232 272	33 473 327	-	46 502 244	-	1 157 478 972
Accumulated depreciation and impairment losses	(5 942 670)	(2 465 323)	(181 922 852)	(7 592 519)	-	(21 236 294)	-	(219 159 657)

*Other movements consist of .....

Refer to Appendix B for more detail on property, plant and equipment App B'!A1

LEPHALALE LOCAL MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2011

8.2 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2010	**69 788 561**	**2 219 537**	**827 947 383**	**18 524 562**	**-**	**15 345 850**	**-**	**933 825 893**
Cost/Revaluation	74 884 249	4 360 936	913 633 747	25 757 277	-	29 613 145	-	1 048 249 354
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	(5 095 688)	(2 141 399)	(85 686 364)	(7 232 715)	-	(14 267 296)	-	(114 423 462)
Acquisitions	-	780 000	24 971 981	2 794 561	-	12 399 530	-	40 946 072
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	(423 491)	(157 475)	(47 936 285)	(633 682)	-	(3 005 298)	-	(52 156 231)
Carrying value of disposals	**-**	**-**	**-**	**(1 350 493)**	**-**	**(54 268)**	**-**	**(1 404 761)**
Cost/Revaluation	-	-	-	(2 265 945)	-	(126 625)	-	(2 392 570)
Accumulated depreciation and impairment losses	-	-	-	915 452	-	72 357	-	987 809
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2011	**69 365 070**	**2 842 062**	**804 983 084**	**19 334 949**	**-**	**24 692 252**	**-**	**921 217 416**
Cost/Revaluation	74 884 249	5 140 936	938 605 728	26 285 892	-	41 886 450	-	1 086 803 256
Accumulated depreciation and impairment losses	(5 519 179)	(2 298 874)	(133 622 645)	(6 950 944)	-	(17 194 198)	-	(165 585 839)

*Other movements consist of .....
Refer to Appendix B for more detail on property, plant and equipment App B'IA1

LEPHALALE LOCAL MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
8.3 Property, plant and equipment pledged as security			
There were no assets pledged as security during the current financial year			
		-	-
8.4 Capitalised expenditure			
Asset 1			
Asset 2			
Asset 3			
		-	-
8.5 Compensation received for losses on property, plant and equipment – included in operating surplus			
The vehicle was involved in an accident and the insurance wrote it off		62 250	
		62 250	-
8.6 Details of valuation			
The effective date of the revaluations was x. Revaluations were performed by an independent valuer, Mr Botha [specify qualifications], of Messrs Botha and Rudd. Botha and Rudd are not connected to the entity.			
Land and buildings are re-valued independently every x years.			
The valuation was performed using the discounted cash flow approach (other, describe, e.g. recent arms length transaction), and the following assumptions were used:			
Discount rate			
Other			
Other			
These assumptions are based on current market conditions.			
The carrying value of the revalued assets under the cost model would have been:			
Asset 1			
Asset 2			
Asset 3			
		-	-
8.7 Other information			
Carrying value of idle property, plant and equipment			
Fully depreciated property, plant and equipment still in use			
Property, plant and equipment retired from active use, but not classified as held for sale			
Fair value of property, plant and equipment carried at cost			
		-	-
8.8 Details of property			
Property X			
Terms and conditions			
Purchase price: date			
Additions since purchase			
Capitalised expenditure			
		-	-
Property Y			
Terms and conditions			
Purchase price: date			
Additions since purchase			
Capitalised expenditure			
		-	-

	Note	2012 R	2011 R

9 INTANGIBLE ASSETS

9.1 Reconciliation of carrying value

	Computer Software R	Other* R	Total R
as at 1 July 2011	232 334	-	232 334
Cost	234 363	-	234 363
Correction of error (note 48)			-
Change in accounting policy (note 47)			-
Accumulated amortisation and impairment losses	(2 029)	-	(2 029)
Acquisitions	-	-	-
Amortisation	(29 295)	-	(29 295)
Carrying value of disposals	**(31 324)**	**-**	**(31 324)**
Cost	-	-	-
Accumulated amortisation	(31 324)	-	(31 324)
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2012	**203 039**	**-**	**203 039**
Cost	234 363	-	234 363
Accumulated amortisation and impairment losses	(31 324)	-	(31 324)

*Note: "Other" consists of……., none of which are considered to be individually significant or material.

9.2 Reconciliation of carrying value

	Computer Software R	Other* R	Total R
as at 1 July 2010	**-**	**-**	**-**
Cost	-	-	-
Correction of error (note 48)			-
Change in accounting policy (note 47)			-
Accumulated amortisation and impairment losses	-	-	-
Acquisitions		-	-
Amortisation	234 363 (2 029)	-	234 363
Carrying value of disposals	**-**	**-**	**-**
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2011	**232 334**	**-**	**232 334**
Cost	234 363	-	234 363
Accumulated amortisation and impairment losses	(2 029)	-	(2 029)

Software is recognised at cost less armotisation

9.3 Intangible assets with indefinite useful lives (disclose the following);

Carrying amount;
Reasons for supporting the assessment of the useful life as indefinite;
Description of the factor(s) that played a significant role in determining that the asset has an indefinite useful life.

	Note	2012 R	2011 R
10 NON-CURRENT ASSETS HELD FOR SALE			
Property, plant and equipment		-	-
Investment property		-	-
Other assets		-	-
		-	**-**

There were no Non Current Assets held for sale as at the end of the financial year

11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade creditors		11 464 259	8 245 439
Payments received in advance		5 864 023	5 283 732
Retentions		6 965 218	3 845 403
Staff leave accrual		7 710 220	5 728 503
Annual bonus		1 963 296	2 093 857
Accrued interest		-	-
Other creditors		3 585 299	1 470 459
Total creditors		**37 552 315**	**26 667 392**

The fair value of trade and other payables approximates their carrying amounts.

12 CONSUMER DEPOSITS			
Electricity and Water		7 378 004	7 326 023
Accrued interest		-	-
Total consumer deposits		**7 378 004**	7 326 023
Guarantees held in lieu of Electricity and Water Deposits		**404 165**	**404 165**

13 VAT			
13.1 VAT receivable		-	1 804 749
		-	1 804 749

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

13.2 VAT Payable		699 507	-
		699 507	-

	Note	2012 R	2011 R
14 PROVISIONS			
Performance bonus		(0)	(0)
Current portion of long-service provision (see note 25)		2 024 098	1 586 831
Provision for leave		-	-
Other provisions		-	-
Total Provisions		**2 024 098**	**1 586 831**

Annual bonuses are paid one year in arrear as the employee complete a full year service. Annual bonuses accrue on monthly basis as the employee continues in employment.

The provision for the bonus is calculated using the basic salry of the employee as at year end and the number of months the bonus accrued since last bonus payment or from eployment date for new employees. Notes15-61'!A1

The movement in current provisions are reconciled as follows: -	Performance Bonus	Provision for leave
as at 1 July 2011	(0)	-
Contributions to provision	(0)	-
Expenditure incurred	-	-
as at 30 June 2012	**(0)**	**-**
as at 1 July 2010	(0)	-
Contributions to provision	-	-
Expenditure incurred	-	-
as at 30 June 2011	**(0)**	**-**

	Current portion Long-service	Other provisions
as at 1 July 2011	-	-
Transfer from non-current	-	
Contributions to provision	-	-
Expenditure incurred	-	-
as at 30 June 2012	**-**	**-**
as at 1 July 2010	-	-
Transfer from non-current	-	
Contributions to provision	-	-
Expenditure incurred	-	-
as at 30 June 2011	**-**	**-**

15 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

15.1 Unspent Conditional Grants from other spheres of Government		
MIG Grants	19 424 518	27 986 813
Municipal Systems Improvement Grant	-	395
Finance Management Grant	-	50 111
Department of Water Affairs	-	(3 150 000)
Department of Minerals and Energy	81 295	540 359
Extended Public Works Programme	1 006 014	605 674
Department of Local Government and Housing	859 581	1 098 297
LED Projects	28 318	28 320
Waterberg District Municipality	1 094 315	1 300 295
15.2 Other Unspent Conditional Grants and Receipts	5 985 057	4 897 617
Other Unspent Conditional Grants include Eletrification Grant, EPWP grant		
There is also a grant form Exxarro for the upgarding of roads in Marapong Township		
Total Unspent Conditional Grants and Receipts	**28 479 099**	**33 357 881**
Non-current unspent conditional grants and receipts	**-**	**-**
Current portion of unspent conditional grants and receipts	**28 479 099**	**33 357 878**

See Note 31 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised. Notes15-61'!A291

	Note	2012 R	2011 R
16 BORROWINGS			
Local Registered Stock Loans		-	-
Annuity Loans		11 001 253	13 445 135
Government Loans : Other		-	-
Other borrowings		-	-
		11 001 253	**13 445 135**
Less : Current portion transferred to current liabilities		(2 615 663)	(2 435 498)
Local Registered Stock Loans		-	-
Annuity Loans		(2 615 663)	(2 435 498)
Government Loans : Other		-	-
Other borrowings		-	-
Total borrowings		**8 385 591**	**11 009 637**

Refer to Appendix A for more detail on borrowings. App A'!A1

17 PROPERTY RATES		
Actual		
Residential	18 840 443	25 400 740
Commercial	2 755 240	-
Light Industries	-	-
Agricultural/Farms	4 338 464	-
Heavy Industries	395 250	-
State	794 671	-
Total property rates	**27 124 068**	**25 400 740**
Property rates - penalties imposed and collection charges	-	-
Total	**27 124 068**	**25 400 740**
Prior figures could not be split into different categories as the system was not configured to do the split		
Valuations		
Residential	2 789 939 387	2 726 727 721
Commercial	632 431 600	594 335 000
State	247 872 000	252 356 000
Sectional Title	501 615 815	332 223 600
Agriculture	8 113 986 908	8 043 615 473
Other	25 850 000	286 235 030
Exempted	92 779 300	22 350 000
Municipal	230 773 452	80 731 800
Total Property Valuations	**12 635 248 462**	**12 338 574 624**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2008. Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations.

A differential rate is applied property valuations to determine assessment rates. Rebates of R30 000 are granted to residential property owners. Rates are levied on an annual basis on property owners.

Rates are levied on an annual basis with the final date of payment being 30 June of the each financial year. Interest at 18% per annum (2010:18%) is levied on outstanding rates one months after final date for payment.

	Note	2012 R	2011 R
18 SERVICE CHARGES			
Sale of electricity		101 667 975	63 785 995
Sale of water		23 189 247	19 117 032
Refuse removal		6 500 430	6 020 214
Sewerage and sanitation charges		11 470 112	10 311 925
Total Service Charges		**142 827 764**	**99 235 166**
19 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		913 325	151 706
Rental of equipment		-	-
Other rentals		-	-
Total rentals		**913 325**	**151 706**
20 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		8 982 105	8 416 674
Financial assets			
Other			
Total interest		**8 982 105**	**8 416 674**
21 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Debtor 1			
Debtor 2			
Debtor 3			
Total interest		**5 710 837**	**1 046 129**
22 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		73 299 994	72 052 913
MIG Grant		41 357 302	11 999 694
DWA		6 762 144	13 435 331
EPWP		776 659	966 326
DME		459 064	3 381 154
MSIG		790 395	758 677
MFMG		1 300 111	949 889
LG SETA		301 246	78 338
WDM		2 440 370	1 171 692
PHP		90 628	-
DPLG		-	-
Other Government Grants and Subsidies		77 849	1 154 722
Total Government Grant and Subsidies		**127 655 761**	**105 948 735**

22.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of 6kiloliteres of water and 50KWH of electricity which is funded from the grant.

22.2 MIG Grant

Balance unspent at beginning of year		27 986 812	11 464 077
Current year receipts		32 795 008	28 522 429
Conditions met - transferred to revenue		(41 357 302)	(11 999 694)
	Notes15-61'!A124	**19 424 518**	**27 986 812**

There was a delay in the construction of the Mokurunyane MPCC and the Seleka Taxi Rank. The delay was due to the dispute between the community and the Tradidional Leader in respect of the location where the to projects should be built. The dispute has been resolved and the contracts are currently under construction.

22.3 Municipal Finance Management Grant

Balance unspent at beginning of year		50 111	-
Current year receipts		1 250 000	1 000 000
Conditions met - transferred to revenue		(1 300 111)	(949 889)
Conditions still to be met - remain liabilities (see note 21)	Notes15-61'!A124	**(0)**	**50 111**

The under expenditure is due to one of the Intern resigning during the year and the time taken to appoint a new intern and this is savings related to the employmet cost. An appointment has been done and the money should be spend .

22.4 Municipal Systems Improvement Grant

Balance unspent at beginning of year		395	9 072
Current year receipts		790 000	750 000
Conditions met - transferred to revenue		(790 395)	(758 677)
Conditions still to be met - remain liabilities (see note 21)	Notes15-61'!A124	**0**	**395**

22.5 Department of Water Affairs

Balance unspent at beginning of year		(3 150 000)	8 938 331
Current year receipts		6 215 000	1 347 000
Conditions met - transferred to revenue		(3 065 000)	(13 435 331)
Conditions still to be met - remain liabilities (see note 21)	Notes15-61'!A124	**(0)**	**(3 150 000)**

22.6 Department of Mineral and Energy

Balance unspent at beginning of year		540 359	640 513
Current year receipts		-	3 281 000

	Note	2012 R	2011 R
Conditions met - transferred to revenue		(459 064)	(3 381 154)
Conditions still to be met - remain liabilities (see note 21)	Notes15-61'!A124	**81 295**	**540 359**

The under expenditure was due to the delay on the contractor as a results of rainy season in december which affected the timing of the completion of the contract. The contract is on schedule to be completed as be the revised schedule

22.7 Department of Local government and Housing

Balance unspent at beginning of year		1 098 297	1 098 297
Current year receipts		-	-
Conditions met - transferred to revenue		(238 716)	-
Conditions still to be met - remain liabilities (see note 21)	Notes15-61'!A124	**859 581**	**1 098 297**

There was a delay in the appointment of service providers for the Master Plans. The Departments will be encouraged to speed up the process

22.8 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 33081 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

	Note	2012 R	2011 R
23 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS			
23.1 Other income			
Other income		3 362 106	1 714 744
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 50)	Notes15-61'!A684	-	-
Total Other Income		**3 362 106**	**1 714 744**
23.2 Public contributions and donations			
Public contributions - Conditional			
Public contributions - Unconditional		1 257 394	5 584 064
Donations		-	-
Total public contributions and donations		**1 257 394**	**5 584 064**
Reconciliation of conditional contributions			
Balance unspent at beginning of year			
Current year receipts			
Conditions met - transferred to revenue			
Conditions still to be met - remain liabilities (see note 21)	Notes15-61'!A124	**-**	**-**
24 EMPLOYEE RELATED COSTS		**96 813 082**	**86 789 235**
Employee related costs - Salaries and Wages		50 306 925	43 799 255
Employee related costs - Contributions for UIF, pensions and medical aids		13 938 457	12 184 526
Travel, motor car, accommodation, subsistence and other allowances		10 594 231	9 445 419
Housing benefits and allowances		209 639	242 488
Overtime payments		6 849 755	6 585 241
Performance and other bonuses		4 083 808	3 589 050
Long-service awards		-	-
Other employee related costs		4 975 507	5 055 044
Employee Related Costs		**90 958 322**	**80 901 022**
There were no advances to employees / Loans to employees are set out in note 3.			
Remuneration of the Municipal Manager			
Annual Remuneration		740 000	0
Performance- and other bonuses		-	0
Travel, motor car, accommodation, subsistence and other allowances		107 262	0
Contributions to UIF, Medical and Pension Funds		202 738	(0)
Total		**1 050 000**	**0**
Remuneration of the Chief Finance Officer			
Annual Remuneration		617 834	582 422
Performance- and other bonuses		51 486	48 535
Travel, motor car, accommodation, subsistence and other allowances		29 312	25 585
Contributions to UIF, Medical and Pension Funds		183 988	175 489
Total		**882 620**	**832 032**

Remuneration of Individual Executive Directors	**Strategic Manager** R	**Development & Planning** R	**Corporate Services** R	**Community Services** R
2012				
Annual Remuneration	714 400	529 572	522 658	699 917
Performance- and other bonuses	-	44 131	43 555	47 809
Travel, motor car, accommodation, subsistence and other allowances	31 179	152 760	126 353	82 555
Contributions to UIF, Medical and Pension Funds	14 421	156 157	141 020	52 338
Total	**760 000**	**882 620**	**833 585**	**882 620**

	Strategic Manager R	**Development & Planning** R	**Corporate Services** R	**Community Services** R
2011				
Annual Remuneration	-	499 219	480 000	540 821
Performance- and other bonuses	-	41 607	40 000	45 068
Travel, motor car, accommodation, subsistence and other allowances	-	142 227	135 026	77 738
Contributions to UIF, Medical and Pension Funds	-	148 978	130 782	168 405
Total	**-**	**832 031**	**785 808**	**832 032**

	Note	2012 R	2011 R
25 REMUNERATION OF COUNCILLORS			
Mayor		611 895	582 758
Chief Whip		458 921	437 068
Speaker		489 516	466 205
Executive Committee Members(full Time)		458 921	437 068
Executive Committee Members(part Time)		504 814	721 161
Councillors		3 330 693	3 243 953
Councillors' pension and medical aid contributions		-	-
Councillors' allowances		-	-
Total Councillors' Remuneration		**5 854 760**	**5 888 213**

In-kind Benefits

The Mayor, Speaker, Chief Whip and Two Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor has use of Council owned vehicle for official duties and has a driver. The previous Mayor resigned on 30 April 2012 and a new Mayor was appointed on 01 June 2012. There is currently a vacancy on the Executive Committee.

26 DEPRECIATION AND AMORTISATION EXPENSE			
Property, plant and equipment		53 544 515	47 252 565
Intangible assets		29 295	-
Investment property carried at cost		-	-
Biological assets carried at cost		-	-
Total Depreciation and Amortisation		**53 573 811**	**47 252 565**
27 FINANCE COSTS			
Borrowings		4 546 806	3 514 138
Consumer deposits		-	-
Bank overdrafts		-	-
Total Finance Costs		**4 546 806**	**3 514 138**
28 BULK PURCHASES			
Electricity		66 596 816	47 469 325
Water		10 406 190	6 612 008
Total Bulk Purchases		**77 003 006**	**54 081 333**
29 GRANTS AND SUBSIDIES PAID			
Grant/subsidy to Non profit Organisations		1 018 544	930 000
		1 018 544	**930 000**

The Municipality is paying grants to the SPCA and the Mogol Sports Complex to subsidise these organisation to help the community.

	Note	2012 R	2011 R
30 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		959 180	1 013 906
Admin fees		-	-
Audit fees		2 142 849	2 072 580
Bank charges		492 970	379 839
Bursaries		-	-
Cleaning		-	-
Conferences and delegations		109 438	63 056
Connection charges		72 760	323 972
Consulting fees		1 134 050	804 485
Consumables		-	-
Debt collection commission		-	-
Departmental consumption		-	-
Entertainment		420 991	390 168
Financial management grant		-	-
Fuel and oil		3 311 629	2 557 689
Insurance		240 056	255 687
Legal expenses		1 658 263	2 479 121
Levies paid		654 024	-
Licence fees - vehicles		-	-
Licence fees - computers		-	-
Membership fees		119 935	1 101 082
Parking		-	-
Postage		354 195	321 907
Printing and stationery		1 307 912	1 207 722
Professional fees		-	-
Rental of buildings		-	-
Rental of office equipment		975 958	424 029
Rental of computer equipment		-	-
Other rentals		-	-
Security costs		1 685 300	1 622 661
Sewerage treatment costs		-	-
Skills development levies		711 500	-
Stocks and material		835 348	807 373
Subscribtion & publication		-	30 934
Telephone cost		1 061 076	-
Training		1 740 704	1 156 816
Transport claims		-	-
Travel and subsistence		3 879 602	3 313 159
Uniforms & overalls		-	-
Valuation costs		516 175	350 007
Water and Sanitation		-	551 302
Other		22 646 718	20 415 893
		47 030 635	**41 643 388**
31 GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		-	-
Intangible assets		-	-
Investment property		-	-
Biological assets		-	-
Other financial assets		-	-
Total Gain / (Loss) on Sale of Assets		**-**	**-**

	Note	2012 R	2011 R
32 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)			
Property, plant and equipment		-	1 350 494
The municipality built a stadium in the Seleka Villagwe in the 2005 financial year. The Stadium was vandalised and the buildings broken apart. The bricks and ablution facilities were stolen. So the valuation of the stadium was done and the value was written down to fair value			
Intangible assets		-	-
N/A			
Investment property		-	-
N/A			
Biological assets		-	-
N/A			
Other financial assets		-	-
N/A			
Total Impairment loss / (Reversal of Impairment Loss)		**-**	**1 350 494**

Sensitivity of key assumptions

	Note	2012 R	2011 R
33 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT			
Investment property carried at fair value		-	-
Biological assets carried at fair value		-	-
Other financial assets		-	-
Other financial liabilities		-	-
Total Profit / (Loss) on Fair Value Adjustment		**-**	**-**
34 CASH GENERATED BY OPERATIONS			
Surplus/(deficit) for the year		23 584 732	(6 214 268)
Adjustment for:-			
Depreciation and amortisation		53 573 811	47 252 565
(Gain) / loss on sale of assets		-	-
Contribution to provisions - non-current		(0)	(0)
Contribution to provisions - current		6 762 358	5 416 633
Finance costs		-	-
Fair value adjustments		(10 146 136)	(5 948 665)
Impairment loss / (reversal of impairment loss)		-	1 350 494
Other non-cash item			(4 677 723)
Operating surplus before working capital changes:		**73 774 766**	**37 179 036**
(Increase)/decrease in inventories		451 884	(2 582 335)
(Increase)/decrease in trade receivables		1 804 749	(346 369)
(Increase)/decrease in other receivables		(23 207 605)	(31 592 968)
(Increase)/decrease in VAT receivable		1 804 749	3 135 578
Increase/(decrease) in conditional grants and receipts		(4 878 779)	7 243 072
Increase/(decrease) in trade payables		10 884 922	(5 072 644)
Increase/(decrease) in consumer deposits		51 982	
Increase/(decrease) in VAT payable			
Other asset			
Other liability			
Cash generated by/(utilised in) operations		**60 686 667**	**7 963 370**
35 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		117 796 735	136 581 527
Bank overdrafts		-	-
Net cash and cash equivalents (net of bank overdrafts)		**117 796 735**	**136 581 527**
36 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION			
Long-term liabilities (see Note 22)	Notes15-61'!A135	11 001 253	13 445 135
Used to finance property, plant and equipment – at cost		11 001 253	13 445 135
Sub- total			
Cash set aside for the repayment of long-term liabilities			
Cash invested for repayment of long-term liabilities			

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

	Note	2012 R	2011 R
37 CHANGE IN ACCOUNTING POLICY			
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:			
37.1 Statutory Funds			
Balance previously reported: -			
Capital Development Fund			
Land Trust Fund			
Parking Development Fund			
Loans redeemed and other capital receipts			
Total		-	-
Implementation of GRAP			
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)			
Transferred to Government Grant Reserve			
Transferred to Capitalisation Reserve			
37.2 Provisions and Reserves			
Balance previously reported			
Valuation Roll Reserve			
Staff Bursary Reserve			
Total		-	-
Implementation of GRAP			
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)			
37.3 Inventory			
Balance previously reported			
Implementation of GRAP			
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)			
Change from first-in-first-out to weighted average method			
Total		-	-
37.4 Non-current provisions			
Balance previously reported -			
Implementation of GRAP			
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)			
Long-service			
Total		-	-
37.5 Property, plant and equipment			
Balance previously reported			
Implementation of GRAP		-	-
Infrastructure previously not recorded credited to Accumulated Surplus/(Deficit) (see 47.7 below)			
Total		-	-
37.6 Accumulated Depreciation			
Balance previously reported -			
Implementation of GRAP			
Backlog depreciation: Land and buildings			
Backlog depreciation: Infrastructure		-	-
Backlog depreciation: Community			
Backlog depreciation: Other		-	-
Total (debited to Accumulated Surplus/(Deficit)) (see 47.7 below)		-	-
37.7 Accumulated Surplus/(Deficit)			
Implementation of GRAP			
Adjustments to inventory (see 47.3 above)			
Excessive provisions and reserves no longer permitted (see 47.2 above)			
Non-current provisions previously not recognised (see 47.4 above)			
Transferred from statutory funds (see 47.1 above)			
Fair value of Property, Plant and Equipment previously not recorded (see 47.5 above)		-	-
Backlog depreciation (see 47.6 above)		-	-
Total		-	-

	Note	2012 R	2011 R
38 CORRECTION OF ERROR			
During the year ended 30 June 2010 and previous years, The Municipality did not obtain actuarial valuation for long service award. The valuation was done on the 30th June 2011 with retrospective to 30 June 2010s: -			
The comparative amount has been restated as follows:			
Prior Year Liability			2 242 038
Service Cost			305 620
Interest Cost			166 597
Benefits vesting			(123 329)
Actuarial Profit/Loss			(11 411)
			-
Net effect on surplus/(deficit) for the year		-	2 579 515
PPE			
VAT receivable not previously recognised			
Non current receivables incorrectly recognised (Investing Act)			
Accruals were understated due to lack of year-end accrual			
Staff leave accrual			
Net effect on Statement of Financial Position		-	-
Net effect on Accumulated surplus opening balance		-	-
39 CHANGE IN ESTIMATE			
The useful life of certain plant was estimated in 2010 to be 5 years. In the current period management have revised their estimate to 8 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R 4 982 131.17.			
Other			
40 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED			
40.1 Unauthorised expenditure			
Reconciliation of unauthorised expenditure			
Opening balance		-	65 000
Unauthorised expenditure current year			-
Approved by Council or condoned		-	(65 000)
Transfer to receivables for recovery			
Unauthorised expenditure awaiting authorisation		**-**	**-**
The employee procured goods not folowing proper SCM procedures and the other one stole money. The disciplinary procedures were concluded during the 2010/2011 financial year			
40.2 Fruitless and wasteful expenditure			
Reconciliation of fruitless and wasteful expenditure			
Opening balance -		1 007 101	980 000
Fruitless and wasteful expenditure current year		158 567	27 101
Condoned or written off by Council			
To be recovered – contingent asset (see note 55)	Notes15-61'!A883		
Fruitless and wasteful expenditure awaiting condonement		**1 165 668**	**1 007 101**
The Municipality appointed a company by name of DZWA to build RDP toilet and the company did not complete the job although there were money paid. The case is still pending. An employee was charged withwastefull and faudulent expenditure for colluding with the supplier for paying services not fully rendered. The disciplinary was conluded in September 2010 and the employee was ordered to repay the cost with interest..			
The Municipality appointed MJ Moraka trading and Project foe the supply and delivery of water meters. Around February 2009 one of the employees of the Municipality signed a session to DPI Plastics Pty Ltd for the payment of R515 000.00 on behalf of MJ Moraka Trading and Projects although the employee did not have the necessaery delegated powers. The session was never taken into account when MJ Moraka was piad for the services rendered and MJ moraka was paid the full amount. In december 2011 DPI Plastic summoned municipality claiming the amount of R167 066.72. Council settled the amount based on the fraudulent session signed by the employee and disciplinary action has been instituted agains the employee which has not yet been finalised. MJ Moraka also proposed month a monthly payment of R1500.00			
40.3 Irregular expenditure			
Reconciliation of irregular expenditure			
Opening balance			
Fruitless and wasteful expenditure current year		14 011 208	
Condoned or written off by Council		(14 011 208)	
Transfer to receivables for recovery – not condoned			
Irregular expenditure awaiting condonement		**-**	**-**

	Note	2012 R	2011 R

The municipality adopted SCM policy in 2008. The policy allowed for procurement of goods and services below R30 000 with only one quotation. Therefore the Municipality did not comply with the Supply Chain Regulations for purchases done in the prior year and for the first 6 months of the current year. The policy has since been reviewed to be in line with the SCM regulations and was adopted by Council.

	Note	2012 R	2011 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE			
41 MANAGEMENT ACT			
41.1 Contributions to organised local government			
Opening balance			
Council subscriptions		1 101 082	577 463
Amount paid - current		(1 101 082)	(577 463)
Amount paid - previous years			
Balance unpaid (included in payables)		-	-
41.2 Audit fees			
Opening balance			
Current year audit fee		2 072 580	1 564 425
Amount paid - current year		(2 072 580)	(1 564 425)
Amount paid - previous years			
Balance unpaid (included in payables)		**0**	**0**
41.3 VAT			
VAT input receivables and VAT output payables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.			
41.4 PAYE and UIF			
Opening balance			
Current year payroll deductions		13 507 579	10 196 840
Amount paid - current year		(13 507 579)	(10 196 840)
Amount paid - previous years			
Balance unpaid (included in payables)		-	-
41.5 Pension and Medical Aid Deductions			
Opening balance			
Current year payroll deductions and Council Contributions		21 160 919	11 927 217
Amount paid - current year		(21 160 919)	(11 927 217)
Amount paid - previous years			
Balance unpaid (included in payables)		-	-

41.6 Councillor's arrear consumer accounts

Theere were no Councillors with arrear accounts outstanding for more than 90 days as at: 30 june 2011	Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
as at 30 June 2012			
Councillor xx	-	-	-
Councillor xx	-		
Councillor xx	-		
Total Councillor Arrear Consumer Accounts	-	-	-
as at 30 June 2011			
Councillor xx	-	-	-
Councillor xx	-		
Councillor xx	-		
Total Councillor Arrear Consumer Accounts	-	-	-

During the year there were no Councillors with arrear accounts outstanding for more than 90 days.	Highest Amount Outstanding R	Ageing Days
as at 30 June 2012		
Councillor xx		x days
Councillor xx		x days
as at 30 June 2011		
Councillor xx		x days
Councillor xx		x days

	Note	2012 R	2011 R
41.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act			
The Municipality has developed a supply chain management policy			
42 CAPITAL COMMITMENTS			
42.1 Commitments in respect of capital expenditure			
- Approved and contracted for		**22 368 686**	**58 822 946**
Infrastructure		20 614 630	46 980 371
Community		-	11 378 637
Heritage			
Other		1 754 056	463 939
- Approved but not yet contracted for		**11 850 000**	**-**
Infrastructure		2 900 000	
Community			
Heritage			
Other		8 950 000	
Total		34 218 686	58 822 946
This expenditure will be financed from:			
- External Loans			
- Government Grants		17 557 531	25 604 270
- Own resources		16 661 154	32 754 738
- District Council Grants			
		34 218 686	**58 359 008**
42.2 Operating leases			
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:			
Operating leases - lessee			
Within one year		362 388	62 937
In the second to fifth year inclusive		513 383	-
After five years		-	
Total		**875 771**	**62 937**
Operating Leases consists of the following:			
Operating lease payments represent rentals payable by the municipality for photocopiers and faxing machines. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No smoothing of rentals was done as the lease payment is fixed for the period of the lease.			

	Note	2012 R	2011 R
43 RETIREMENT BENEFIT INFORMATION			
43.1 Defined contribution plan			
All pension fund contributions are defined contributions plan and have been expensed and included in the employee cost for the year.			
43.2 Defined benefit plan			
Provision for post Retirement Benefits		26 626 942	21 404 158
POST RETIREMENT MEDICAL AID BENEFIT			
The employees have the option to belong to a Medical Aid. The Municipality has taken a decision to to continue to contribute to medical aid of employees after retirement untill their death. Non medical; members employees retiring will receive R1 000.00 a month as a contributionto the health			
The accumulated defined benefit obligation in respect of the post retirement medical contribution are provided, based on calculations of independent actuaries, using methods and assumptions consistent with IAS as follows:			
Liability as at 1 July		21 404 158	17 805 938
Benefits paid		-593 232	-574 908
Current service Costs		1 603 449	1 067 890
Interest		1 841 353	1 607 408
acturial losses recognised in Statement of Financial performance		2 371 214	1 497 830
Principal actuarial assumptions of valuation model used.			
Discount rate		8.09%	8.72%
Health care cost inflation rate		7.03%	7.35%
Average retirement age: 65 for male and 55 for female			
LONG SERVICE AWARDS		3 199 681	2 686 878
The accumulated defined benefit obligation in respect of long service awards are provided, based on calculations of independent actuaries, using methods and assumptions consistent with IAS as follows:			
Liability as at 1 July		2 686 878.00	2 579 515.00
Benefits paid		-351 974.00	-514 843.00
Current service Costs		420 649.00	518 941.00
Interest		196 222.00	189 895.00
acturial losses/(gains) recognised in Statement of Financial performance		247 906.00	-86 630.00
Principal actuarial assumptions of valuation model used.			
Discount rate		6.58%	7.80%
General salary Inflation		5.96%	6.27%
44 CONTINGENT LIABILITY			
44.1 J&C CONSULTANTS		-	
J& C Consultant - The company is suing the Municipality for an amount of R260 051.10 for the work they claim they have done to the Municipality. The Municipality is defending the case. The matter is currently in court and we are on the pleading stage.			
44.2 HWE RENKEN		50 000	
Mr Renken is suing the Municiplaity for R260 000 for wrongful arrest after he was stopped and charged by the Municipality's traffic officer in 2009. The matter has been set down for hearing on 24 April 2012. The Council has since propsed settlement of R50 000			
44.3 K P PAUL AND E PAUL			
K P Paul and E Paul are suing the Municipality for damages of R 228 000. They claim they suffered loss due to the Municipality not supplying them with electricity in time. The fact is that the time they wanted the supply the municipality could not supply them with electricity due to infrastructure capacity constraints. The matter is set for hearing on 24 April 2012. The matter has been posponed indefinetely to allow the Attorneys of Council to amend its plea as new facts arose after the plea was filed.			

	Note	2012 R	2011 R

44.4 EAST VIEW TRADING (PTY) LTD

Eastview Trading (Pty) Ltd/ Steenbok Development Consortium - The group has taken the Municipality, District Municipality and the MEC for local government to court to force the the municipality to change its spatial development framework. The parties have agreed that the court proceedings will pend until Council has completed the process of reviewing the Council's SDF.

44.5 NIGHTFIRE INVESTMENTS

Night Fire Investments- The company is suing the municipality for R870 000 for the land that Night Fire purchased in 2005 without following the correct procedures. The Municipality is defending the case. The matter was set down for hearing for the 21st April 2012 and was postponed sine die.

44.6 MR J H VAN DEN BERG

Mr JH Van Den Berg is a former Council employee who has been dismissed and is refusimg to move out of the Council's house. The municipality has applied to the court to get eviction order. The matter has been in court and the magistrate reserved judgement.

44.7 T S TLOANE AND K L THLAKO

In prior year the Municipality reported a contigent liability for the cost of arbiotration for the dismissed senior managers. During the year the senior managers applied for arbitration which was held. The arbitrator awarded the senior managers reinstatement with cost. The municipality is challenging the award in the high court on the basis of legal issues. The arbitrator awarded the senior managers an amount of R2 375 000.as at the end of June 2009. The Council is disputing and the award and the matter has been referred to the Labour Court. The Council has received a legal opinion on the matter and decided to settle the matter considering the cost already involved and the future cost. Council settled the matter for R1 578 000 with each party paying for its legal costs.

44.8 MOKGOTHO CONSTRUCTION

Dispute by Mokgotho Construction in the awarding of the tender by Municipality to Kenglori Construction. Mokgothop is claiming that the contract should have been awarded to Mokgotho Construction, are suing the Council for the amount of R208 442.21. The matter has been postponed sine die.

	Note	2012 R	2011 R

45 CONTINGENT ASSET

Notes15-61'!A707

46 IN-KIND DONATIONS AND ASSISTANCE

There were no dionation in kinds received by the Municipality

Description

47 RELATED PARTIES

The were no related party transaction which the Municipality conluded during the current financial year

The municipality does not have a joint venture or an entity under its control

The Municipalityn did not do any business with key management staff and their immediate family during the current year.

Related party balances
Loan accounts - Owing (to) by related parties
insert related party

Amounts included in Trade receivable (Trade payable) regarding related parties
insert related party

Related party transactions
Interest paid to (received from) related parties
insert related party
Loans to (from) related parties
insert related party
Purchases from (sales to) related parties
insert related party

48 EVENTS AFTER THE REPORTING DATE

	Note	2012 R	2011 R

49 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
Recoverable amounts of property, plant and equipment
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
Present value of defined benefit obligation
Fair value of plan assets
Provision for doubtful debts
Impairment of assets
Provision for long-term service award
Other

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

50 RISK MANAGEMENT

50.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Bank - ABSA		118 587 250	144 628 345
Bank B			
Interest rate swaps			
Financial guarantees		630 400	6 358 978
Trade and other receivables		99 264 100	87 727 213

These balances represent the maximum exposure to credit risk.

	Note	2012 R	2011 R
50.2 Liquidity risk			
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.			
The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.			
2012			
Gross finance lease obligations		-	-
Borrowings		260 775	260 775
Trade and other payables		28 322 691	24 590 299
Other			
2014			
Gross finance lease obligations			
Borrowings		3 760 751	5 334 168
Trade and other payables			
Other			
2015			
Gross finance lease obligations			
Borrowings		1 877 161	2 304 482
Trade and other payables			
Other			
2024			
Gross finance lease obligations			
Borrowings		5 269 191	5 545 709
Trade and other payables			
Other			
50.3 Interest rate risk			
The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments.			
At year end, financial instruments exposed to interest rate risk were as follows:			
- Call deposits		43 675 548.46	32 628 345.00
- Notice deposits		0.00	0.00
- Long term annuity			
- Development Bank of South Africa loan		11 001 253.00	13 445 134.78
- ABSA overdraft		0.00	0.00
50.4 Other price risk			

	Note	2012 R	2011 R

51 CHANGE IN ACCOUNTING POLICY

During the year the municipality implemented the identification of residual values, the review of the lifespans and impairment testingon Property, Plant and Equipment. The changes have been implemented retrospectively. Any future changes due to annual reviews will be implemented prospectively in terms of the requirements of change in accounting estimates.
The comparative amounts for for 2010 have been restated.

The effect of 2009 and 2010 balances are as follos	Corrected Amount	Adjustment	Previous
Prroperty plant and Equipment - Cost	1 086 803 256	47 161 206	1 039 642 050
Prroperty plant and Equipment - Accumulated Depreciation	-165 585 840	-4 497 715	(161 088 125)
Prroperty plant and Equipment - Impairment	-	-	-
Accumulated Surplus	921 217 415	42 663 490	878 553 925

Statement of Financial Perfomance 2011

52 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)

LEPHALALE LOCAL MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

as at 30 June 2012

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2011	Received during the period	Redeemed / written off during the period	Balance at 30 June 2012	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
INCA @ x12.06%	1	30/06/2014	5 334 168	-	1 573 417	3 760 751		
INCA @10.09%	2	31/12/2014	2 304 482	-	427 322	1 877 161		
DBSA @ 17.06%	LALF15	31/06/2011	-		-	-		
DBSA @ 8.83%	LALF15	31/06/2024	5 545 709	-	276 519	5 269 191		
DBSA@ 17.14%	LALF19	31/06/2013	260 775	-	166 624	94 151		
						-		
Total long-term loans			13 445 135	-	2 443 881	11 001 253		
ANNUITY LOAN								
Sanlam @ x%								
			-	-	-	-		
GOVERNMENT LOANS								
- Other @ x%				-	-	-		
Total Government Loans			-	-	-	-		
TOTAL EXTERNAL LOANS			13 445 135	-	2 443 881	11 001 253		

LEPHALALE LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	74 718 220	-	-		74 718 220	(5 466 602)	(417 649)	-	-	(5 884 251)	-	-	68 833 969
Landfill Sites	166 029	245 944	-	-	411 973	(52 577)	(5 842)	-	-	(58 419)	-	-	353 554
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	74 884 249	245 944	-	-	75 130 193	(5 519 179)	(423 491)	-	-	(5 942 670)	-	-	69 187 523
Buildings	5 140 936	-	-	-	5 140 936	(2 298 874)	(166 450)	-	-	(2 465 323)	-	-	2 675 613
Infrastructure													
Drains	6 761 765	-	-	-	6 761 765	(1 014 387)	(338 088)	-	-	(1 352 475)	-	-	5 409 289
Roads	380 127 821	18 627 273	-	-	398 755 094	(55 582 546)	(18 526 527)	-	-	(74 109 074)	-	-	324 646 020
Roads :Culvert	68 294	-	-	-	68 294	(10 224)	(3 414)	-	-	(13 639)	-	-	54 655
Roads : Kerbs	167 647	-	-	-	167 647	(25 650)	(8 382)	-	-	(34 032)	-	-	133 615
Roads : Side Drain	30 000	-	-	-	30 000	(4 488)	(1 500)	-	-	(5 988)	-	-	24 012
Roads Signs	574 412	-	-	-	574 412	(85 983)	(28 721)	-	-	(114 704)	-	-	459 708
Roads : Traffic lights	235 294	-	-	-	235 294	(35 304)	(11 765)	-	-	(47 069)	-	-	188 225
Markings	129 705	-	-	-	129 705	(19 443)	(6 481)	-	-	(25 924)	-	-	103 781
Sewerage Mains & Purification	76 275 227	10 417 453	-	-	86 692 680	(10 316 004)	(3 792 819)	-	-	(14 108 823)	-	-	72 583 857
Electricity Mains	160 134 548	4 995 089	-	-	165 129 637	(20 378 368)	(10 189 184)	-	-	(30 567 552)	-	-	134 562 085
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Reservoirs – Water	314 101 016	23 939 634	-	-	338 040 650	(46 150 248)	(15 393 324)	-	-	(61 543 572)	-	-	276 497 078
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Under construction	-	647 094	-	-	647 094	-							647 094
	938 605 728	58 626 545	-	-	997 232 272	(133 622 645)	(48 300 206)	-	-	(181 922 852)	-	-	815 309 420
Community Assets													
Parks & Gardens	554 566	-	-	-	554 566	(276 915)	(8 618)	-	-	(285 533)	-	-	269 033
Libraries	6 909 467	-	-	-	6 909 467	(451 253)	(31 849)	-	-	(483 102)	-	-	6 426 366
Recreation Grounds	1 427 235	-	-	-	1 427 235	(759 599)	(38 635)	-	-	(798 234)	-	-	629 001
Civic Buildings	17 394 624	7 187 435	-	-	24 582 059	(5 463 177)	(562 473)	-	-	(6 025 650)	-	-	18 556 409
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
	26 285 892	7 187 435	-	-	33 473 327	(6 950 944)	(641 575)	-	-	(7 592 519)	-	-	25 880 808
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	1 044 916 805	66 059 924	-	-	1 110 976 728	(148 391 641)	(49 531 722)	-	-	(197 923 364)	-	-	913 053 364

LEPHALALE LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	1 044 916 805	66 059 924	-	-	1 110 976 728	(148 391 641)	(49 531 722)	-	-	(197 923 364)	-	-	913 053 364
Other Assets													
Office Equipment	3 240 493	267 133	-	-	3 507 626	(1 650 989)	(321 815)	-	-	(1 972 804)	-	-	1 534 822
Furniture & Fittings	4 804 725	254 532	-	-	5 059 257	(1 878 761)	(379 322)	-	-	(2 258 083)	-	-	2 801 174
Bins and Containers	416 561	433 479	-	-	850 040	(18 167)	(30 958)	-	-	(49 125)	-	-	800 915
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	28 515 603	2 941 570	-	-	31 457 173	(11 750 443)	(2 673 146)	-	-	(14 423 589)	-	-	17 033 584
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	4 674 705	719 079	-	-	5 393 785	(1 893 809)	(607 560)	-	-	(2 501 369)	-	-	2 892 416
Computer Software (part of computer equipment)	234 363	-	-	-	234 363	(2 029)	(29 295)	-	-	(31 324)	-	-	203 039
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	41 886 450	4 615 793	-	-	46 502 244	(17 194 198)	(4 042 095)	-	-	(21 236 294)	-	-	25 265 950
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1 086 803 256**	**70 675 717**	**-**	**-**	**1 157 478 972**	**(165 585 839)**	**(53 573 817)**	**-**	**-**	**(219 159 657)**	**-**	**-**	**938 319 315**

LEPHALALE LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	74 718 220		-		74 718 220	(5 048 953)	(417 649)		-	(5 466 602)	-	-	69 251 618
Landfill Sites	166 029	-	-	-	166 029	(46 735)	(5 842)	-	-	(52 577)	-	-	113 452
Quarries		-	-	-	-		-	-	-	-	-	-	-
	74 884 249	-	-	-	74 884 249	(5 095 688)	(423 491)	-	-	(5 519 179)	-	-	69 365 070
Buildings	4 360 936	780 000	-	-	5 140 936	(2 141 399)	(157 475)	-	-	(2 298 874)	-	-	2 842 062
Infrastructure													
Drainage	6 761 765	-	-	-	6 761 765	(676 258)	(338 129)	-	-	(1 014 387)	-	-	5 747 378
Roads	371 426 239	8 701 582	-	-	380 127 821	(37 056 026)	(18 526 521)	-	-	(55 582 546)	-	-	324 545 275
Roads :Culvert	68 294				68 294	(6 816)	(3 408)			(10 224)			58 070
Roads : Kerbs	167 647				167 647	(17 100)	(8 550)			(25 650)			141 997
Roads : Side Drain	30 000				30 000	(2 992)	(1 496)			(4 488)			25 512
Roads Signs	574 412				574 412	(57 322)	(28 661)			(85 983)			488 429
Roads : Traffic lights	235 294				235 294	(23 536)	(11 768)			(35 304)			199 990
Markings	129 705				129 705	(12 962)	(6 481)			(19 443)			110 262
Sewerage Mains & Purification	69 774 976	6 500 251	-	-	76 275 227	(6 877 336)	(3 438 668)	-	-	(10 316 004)	-	-	65 959 223
Electricity	156 797 243	3 337 305	-	-	160 134 548	(10 189 184)	(10 189 184)	-	-	(20 378 368)	-	-	139 756 180
Electricity Peak Load Equip		-	-	-	-			-	-	-	-	-	-
Water Mains & Purification			-	-	-			-	-	-	-	-	-
Water	307 668 173	6 432 843	-	-	314 101 016	(30 766 832)	(15 383 419)	-	-	(46 150 248)	-	-	267 950 768
Water Meters		-	-	-	-		-	-	-	-	-	-	-
Storm Water		-	-	-	-		-	-	-	-	-	-	-
Under construction	-				-								-
	913 633 747	24 971 981	-	-	938 605 728	(85 686 364)	(47 936 285)	-	-	(133 622 645)	-	-	804 983 084
Community Assets													
Parks & Gardens	306 198	248 368	-	-	554 566	(269 529)	(7 386)	-	-	(276 915)	-	-	277 652
Libraries	4 739 433	2 170 035	-	-	6 909 467	(419 405)	(31 849)	-	-	(451 253)	-	-	6 458 214
Recreation Grounds	3 693 180	-	(2 265 945)	-	1 427 235	(1 637 249)	(37 802)	915 452	-	(759 599)	-	-	667 636
Civic Buildings	17 018 467	376 158	-	-	17 394 624	(4 906 532)	(556 645)	-	-	(5 463 177)	-	-	11 931 447
Stadiums		-	-	-	-		-	-	-	-	-	-	-
Halls		-	-	-	-		-	-	-	-	-	-	-
Theatre		-	-	-	-		-	-	-	-	-	-	-
Swimming Pools		-	-	-	-		-	-	-	-	-	-	-
Cemeteries		-	-	-	-		-	-	-	-	-	-	-
	25 757 277	2 794 561	(2 265 945)	-	26 285 892	(7 232 715)	(633 682)	915 452	-	(6 950 944)	-	-	19 334 949
Heritage Assets													
Historical Buildings		-	-	-	-		-	-	-	-	-	-	-
Paintings & Artifacts		-	-	-	-		-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	1 018 636 209	28 546 542	(2 265 945)	-	1 044 916 805	(100 156 166)	(49 150 933)	915 452	-	(148 391 641)	-	-	896 525 164

LEPHALALE LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	1 018 636 209	28 546 542	(2 265 945)	-	1 044 916 805	(100 156 166)	(49 150 933)	915 452	-	(148 391 641)	-	-	896 525 164
Other Assets													
Office Equipment	3 195 039	45 454	-	-	3 240 493	(1 332 409)	(318 580)	-	-	(1 650 989)	-	-	1 589 504
Furniture & Fittings	4 074 465	730 261		-	4 804 725	(1 550 194)	(334 606)		-	(1 878 761)	-	-	2 925 964
Bins and Containers	27 362	388 798	-	-	416 561	(10 823)	(7 344)	-	-	(18 167)	-	-	398 394
Emergency Equipment		-	-	-	-		-	-	-	-	-	-	-
Motor vehicles	18 908 849	9 733 379	(126 625)	-	28 515 603	(9 946 909)	(1 875 891)	72 357	-	(11 750 443)	-	-	16 765 160
Fire engines		-	-	-	-		-	-	-	-	-	-	-
Refuse tankers		-	-	-	-		-	-	-	-	-	-	-
Computer Equipment	3 407 430	1 267 275	-	-	4 674 705	(1 426 961)	(466 848)	-	-	(1 893 809)	-	-	2 780 896
Computer Software (part of computer equipment)		234 363	-	-	234 363		(2 029)	-	-	(2 029)	-	-	232 334
Other Assets	-	-		-	-	-	-		-	-	-	-	-
	29 613 145	12 399 530	(126 625)	-	41 886 450	(14 267 296)	(3 005 298)	72 357	-	(17 194 198)	-	-	24 692 252
Finance Lease Assets													
Office Equipment		-	-	-	-		-	-	-	-	-	-	-
Other Assets		-	-	-	-		-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1 048 249 354**	**40 946 072**	**(2 392 570)**	**-**	**1 086 803 256**	**(114 423 462)**	**(52 156 231)**	**987 809**	**-**	**(165 585 839)**	**-**	**-**	**921 217 416**

LEPHALALE LOCAL MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying value
	R	R	R	R	R	R	R	R	R	R
Executive & Council										
Finance & Admin										
Planning & Development										
Health										
Community & Social Services										
Public Safety										
Sport & Recreation										
Environmental Protection										
Waste Management										
Road Transport										
Water										
Electricity										
Other										
Total	-	-	-	-	-	-	-	-	-	-

LEPHALALE LOCAL MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2012

2011	2011	2011		2012	2012	2012
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
`						
45 135 921	27 077 919	19 469 101	Executive & Council	54 252 677	51 370 539	2 882 138
1 602 845	13 315 551	(11 712 706)	Finance & Admin	1 237 088	22 529 504	(21 292 416)
485 266	4 608 370	(4 123 104)	Planning & Development	672 948	4 336 239	(3 663 291)
-	-	-	Health			-
7 757 222	21 800 753	(14 043 531)	Community & Social Services	16 930 799	29 030 887	(12 100 088)
-	849 946	(849 946)	Public Safety		393 136	(393 136)
-	531 515	(531 515)	Sport & Recreation			-
-	2 167 341	(2 167 341)	Environmental Protection			-
15 903 469	13 797 611	2 105 858	Waste Management	18 456 637	11 371 589	7 085 048
22 211 053	9 639 575	12 571 478	Waste Water Management	24 123 358	14 098 471	10 024 887
8 211 220	32 547 130	(24 335 910)	Road Transport	13 784 208	30 209 652	(16 425 444)
54 635 904	46 434 283	8 201 621	Water	63 904 703	47 181 346	16 723 357
94 181 632	65 148 287	29 033 345	Electricity	130 619 669	84 229 150	46 390 519
1 649 741	20 070 261	(18 420 520)	Other	885 239	6 532 079	(5 646 840)
251 774 273	**257 988 542**	**(6 214 269)**		**324 867 326**	**301 282 592**	**23 584 734**
			Less: Inter-Department Charges			
251 774 273	**257 988 542**	**(6 214 269)**	Total	**324 867 326**	**301 282 592**	**23 584 734**

	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	27 124 068	32 406 921	(5 282 853)	-16%	Due to Supplementary Valuation Roll
Property rates - penalties imposed & collection charges					
Service charges	142 827 764	123 392 577	19 435 187	16%	Town growth due to Medupi Power Station
Rental of facilities and equipment	913 325	805 375	107 950	13%	
Interest earned - external investments	8 982 105	5 201 450	3 780 655	73%	Due to under expenditure on Capital Projects
Interest earned - outstanding debtors	5 710 837	6 645 911	(935 074)	-14%	
Fines	90 281	149 000	(58 719)	-39%	
Licenses and permits	6 943 680	6 200 000	743 680	12%	Town growth due to Medupi Power Station
Government grants and subsidies	127 655 761	81 522 000	46 133 761	57%	Under expenditure on Grants
Other income	3 362 111	88 933 725	(85 571 614)	-96%	
Public contributions, donated/contributed	1 257 394	1 924 000	(666 606)	-35%	
Gains on disposal Investment/Property	-	-			
Total Revenue	**324 867 326**	**347 180 959**	**(22 313 633)**	-6%	
EXPENDITURE					
Executive and Council	51 370 539	33 610 818	17 759 721	53%	
Finance and Admin	22 529 504	26 740 807	(4 211 303)	-16%	Delay in the expenditure on assets verification and appointment of vacant positions
Planning and Development	4 336 239	6 888 932	(2 552 693)	-37%	Delays on the appointment of DH: Tourism
Health		40 000	(40 000)	-100%	Expenditure curbing
Community and Social Services	26 991 469	29 474 823	(2 483 354)	-8%	
Housing	2 039 418	2 258 116	(218 698)	-10%	Expenditure curbing
Public Safety	393 136	1 266 642	(873 506)	-69%	
Sport and Recreation			-	0%	
Environmental Protection			-	0%	
Waste Water Management	11 371 589	11 768 589	(397 000)	-3%	Expenditure curbing
Waste Management	14 098 471	15 021 352	(922 881)	-6%	Expenditure curbing
Road Transport	30 209 652	34 102 805	(3 893 153)	-11%	Expenditure curbing
Water	47 181 346	51 461 534	(4 280 188)	-8%	Expenditure curbing
Electricity	84 229 150	85 400 491	(1 171 341)	-1%	Expenditure curbing and Delays on the appointment of vacant positions
Other	6 532 079	7 826 051	(1 293 972)	-17%	Expenditure curbing
Less Inter-Departmental Charges	-	-			
Total Expenditure	**301 282 592**	**305 860 960**	**(4 578 368)**	-1%	
NET SURPLUS (DEFICIT) FOR THE YEAR	**23 584 734**	**41 319 999**			